

Texas Department of Human Services

FY 2001 Operating Budget
and
FY 2002-2003
Appropriation Request
Including Exceptional Items



July 21, 2000

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**FY 2001
Operating Budget**

Major Issues for FY 2001

Change in the Federal Medical Assistance Percentage (FMAP)

House Bill 1, 76th Legislature assumed the federal FY 2001 FMAP rate at 61.36%. The actual FY 2001 FMAP will be 60.57%. DHS will need an additional \$21.6 million state funds to cover the additional state share due to this change in FMAP. This funding demand is not covered in the proposed budget.

August, 2001 Nursing Home Payments

The FY 2001 appropriation for nursing homes only covers 11 months. Rider 39 authorizes the department to pay August 2001 nursing facility services, which exceed the appropriated amounts, from FY 2002 appropriations. The cost of the August 2001 nursing homes payments are estimated at \$139.6 million total, or \$55.1 million state (at the 60.57% FMAP).

Bankruptcy Impact on LTC Regulatory Workload

A significant number of LTC providers are having difficult financial times. These financial difficulties are occurring in Texas as well as in other parts of the country. This situation has significantly increased the fiscal and compliance monitoring effort in these facilities/services to ensure the continued safety and well being of clients.

Potential TANF Shortfall in FY 2001

It is estimated that there will be a potential shortfall of \$9 million in TANF grants due to a slower projected decline in TANF caseloads. Although the TANF caseloads are still declining, the rate of decline has slowed. In addition, the impact of the spillover from CHIP II has been added to the caseload projection that was not included in the appropriations for TANF grants. These caseload forecasts will be monitored closely and additional funding requested pursuant to Sec. 9-11.05 if needed.

EBT-2

The agency's contract with Transactive for electronic benefit transfer (EBT) services for TANF and food stamps expires at the end of February 2001. Rather than continuing to contract with a single vendor for EBT services, DHS has chosen a strategy of contracting for functional components of the system. DHS has purchased an upgraded version of the EBT software from the current vendor and has awarded contracts for central processing to Northrup Grumman Technical Services, call center services to GTECH, and retailer management services to Affiliated Computer Services. Transition of retailers will begin in July 2000 and implementation of other services and the new software will occur in January 2001.

TIERS

TIERS focuses on the redesign and replacement of automated legacy systems. Full replacement and retirement of the System for Application, Verification, Eligibility, Referrals, and Reporting (SAVERR) will occur under TIERS with priority given to replacing the Generic Worksheet and Long Term Care Worksheet. In 2001 the project moves from planning and design to implementation, including a pilot of the screening and scheduling modules by February 2001. The remainder of the fiscal year concentrates on developing the system. Timely State and Federal funding, as well as competing resources for subject matter experts, will continue to be a challenge.

STAR+PLUS

A \$9.7 million shortfall will occur in FY 2001. This is a result of a shift in client utilization from Nursing Homes and Community Care strategies to the STAR+PLUS strategy, as well as inflation-related increases in capitation rates.

The department will use a portion of the enhanced federal funds earned in FY 1999 to resolve this shortfall.

Integrated Administrative Systems

DHS has not received approval for the proposed use of enhanced funding for the new Integrated Administrative Systems. The agency's financial and human resource systems, some more than twenty years old, are increasingly difficult to maintain and to modify to meet changing needs and external requirements. For example, the costs to bring these systems into compliance with Government Accounting Standards Board (GASB) Standard 34 will be prohibitively expensive. In addition, delays in funding the IAS project make it difficult for DHS to leverage resources with other HHSC agencies and to take a team approach on implementation.

Attracting and Retaining Qualified Staff

The department must be able to attract qualified applicants and retain skilled staff. The number of qualified applicants has steadily decreased as competitors' salaries have increased. It has become increasingly difficult, and in some areas almost impossible, to create adequate applicant pools from which to select staff. Turnover in Austin and Houston for direct delivery workers is 38%, and in the Dallas-Fort Worth metropolitan area it is 32%. In these same metropolitan areas, unemployment rates range from 2.1% to 4.6%. As turnover occurs, the level of service to clients diminishes.

The OLMSTEAD Decision

In Executive Order GWB 99-2 dated September 28, 1999, Governor George W. Bush affirmed the value of community-based support for persons with disabilities. Within available resources, the department will begin to identify affected populations within nursing facilities (NF) and assist in relocating identified NF residents who are willing and able to transition to community living arrangements.

**FY 2001
Budget Summary**

	FY 2001 Recommended <u>Budget</u>	Staff (FTEs) <u>State/Fed</u>	<u>Local/Fed</u>
A. Goal: Long Term Care Continuum			
A.1.1. Community Care Services	\$ 961,019,162	39.00	
A.1.2. In Home & Family Support	6,500,000		
A.1.3. Long Term Care Eligibility & Service Planning	103,619,757	2,941.25	15.00
A.1.4. Nursing Facility & Hospice Payments	1,642,061,052	79.75	
A.1.5. Integrated Service Delivery Systems	237,642,279		
A.1.6. Deaf-Blind Services	4,705,962		
A.2.1. Long Term Care Facility Regulation	50,010,388	976.00	
A.2.2. Long Term Care Credentialing	1,362,177	29.00	
A.2.3. Home & Community Support Services Agencies	5,160,522	113.50	
Total, Goal A, Long Term Care Continuum	\$ 3,012,081,299	4,178.50	15.00
B. Goal: Encourage Self-Sufficiency			
B.1.1. TANF Grants	\$ 256,728,070		
B.1.2. CSS Eligibility & Issuance Services	407,140,559	8,882.00	340.00
B.1.3. Nutrition Assistance	171,393,033		118.00
B.1.4. Refugee Assistance	13,545,409		26.14
B.1.5. Disaster Assistance	0		
Total, Goal B, Encourage Self-Sufficiency	\$ 848,807,071	8,882.00	484.14
C. Goal: Family Violence Services			
C.1.1. Family Violence Services	\$ 17,628,589	9.00	
D. Goal: Indirect Administration			
D.1.1. Central Administration	\$ 26,345,869	504.00	
D.1.2. Information Resources	59,568,985	468.00	
D.1.3. Other Support Services	11,455,225	140.00	
D.1.4. Regional Administration	11,825,893	274.00	
Total, Goal D, Indirect Administration	\$ 109,195,972	1,386.00	
Grand Total, Texas Department of Human Services	\$ 3,987,712,931	14,455.50	499.14

**Reconciliation from Appropriated
to Budgeted Funds for FY 2001**

Amount

I. Total FY 2001 Appropriated in H.B. 1 \$ 3,737,152,626

II. Legislative Directives

Employee Pay Raise

For the FY 2000-2001 biennium, the Comptroller is appropriated funds to pay an across-the-board employee pay raise of \$100 per month. An estimated amount for the pay raise is included in each strategy in this operating plan.

\$ 17,033,216

III. Increases/Decreases by Strategy

**Strategy
Number**

Strategy

Amount

Home and Community Support Services Agencies

Senate Bill 374 transfers the licensing and regulation of Home and Community Support Services Agencies from the Texas Department of Health to the Texas Department of Human Services effective September 1, 1999. All general revenue, federal funds, and staff associated with the program are transferred to the department. The increases for this transfer are as follows:

A.2.2. Credentialing	\$ 274,187	
A.2.3. Home and Community Support Services Agencies	5,023,690	
D.1.1. Central Administration	478,860	
Total		\$ 5,776,737

Increased Title XVIII Grant Award

The Health Care Financing Administration (HCFA) increased the Title XVIII allotment for the state in FY 2000. It is assumed that this increase will continue into FY 2001. The following strategies will receive additional federal funds from this increased award:

A.2.1. Long Term Care Facility Regulation	\$ 6,014,683	
D.1.1. Central Administration	42,049	
D.1.2. Information Systems	508,534	
D.1.3. Other Support Services	43,314	
D.1.4. Regional Administration	73,304	
Total		\$ 6,681,884

**Strategy
Number**

Strategy

Amount

CHIP/Medicaid Spillover

The Health and Human Services Commission was appropriated tobacco receipts funding for the Children's Health Insurance Program (CHIP). The department will receive a portion of these funds for CHIP-Phase I eligibility determination, CHIP-Phase II automation interfaces, and for CHIP-Medicaid spillover eligibility. The department will add the federal matching funds necessary. Estimated increases related to these activities are: \$7,543,487 (\$2,082,002 tobacco receipts, \$5,461,485 federal funds) for CHIP-Phase I, \$1,113,000 (\$307,188 tobacco receipts, \$805,812 federal funds) for CHIP-Phase II automation, and \$9,500,000 (\$4,750,000 tobacco receipts, \$4,750,000 federal funds) for CHIP-Medicaid spillover. These increases affect the following strategies:

B.1.2.	CSS Eligibility	\$ 15,449,548	
D.1.1.	Central Administration	217,252	
D.1.2.	Information Systems	2,312,414	
D.1.3.	Other Support Services	49,787	
D.1.4.	Regional Administration	127,486	
	Total		\$ 18,156,487

A.1.1 Community Care Services

Personal Attendant Services

Upon enactment of S.B. 374, the Personal Attendant Service Program transferred from the Texas Rehabilitation Commission to the Texas Department of Human Services effective September 1, 1999. This adjustment adds the funding for these services.

\$ 1,485,000

Interagency Receipts

An increase of \$1,447,275 other funds is required for the portion of meals paid by the Texas Department of Aging for meal services.

\$ 1,447,275

Community Care Services Carry Forward

The funding for rate increases was "front-end loaded" for this strategy in order to provide more planning/budgetary flexibility. A portion of these funds is being carried forward into FY 2001.

\$ 16,807,804

A.1.3. Long Term Care Eligibility & Service Planning

Robert Wood Johnson Foundation

The appropriation is increased for the Robert Wood Johnson Foundation grant for the Medicare/Medicaid Integration Project.

\$ 23,552

Ombudsman for Managed Care

The Texas Department of Human Services has entered into an interagency contract with the Texas Department of Health and Texas Department of Mental Health and Mental Retardation to provide funding for Ombudsman positions that were created as part of the Managed Care Effort in Region 6.

\$ 90,000

A.1.4. Nursing Facility & Hospice Payments

Nursing Home Rate Increases

H.B. 3211 appropriates \$12 million general revenue funds to support rate increases in the nursing home program.

\$ 12,000,000

**Strategy
Number**

Strategy

Amount

Personal Needs Allowance

H.B. 3211 appropriates \$6.6 million general revenue funds to DHS to increase the personal needs allowance for a person who receives medical assistance and is a resident of a convalescent or nursing home or related Institution licensed under Chapter 242, Health and Safety Code, a personal care facility, an ICF-MR facility, or another similar long-term care facility. H.B. 3211 also gives DHS the authority to transfer funds to the appropriate strategy or agency to serve these clients. It is estimated that \$316,461 general revenue funds will need to be transferred to TDMHMR to serve these clients.

\$ 6,283,539

Federal Matching Funds

Title XIX federal matching funds are available for the services and state funds in H.B. 3211 and Article II, Rider 32(b).

\$ 29,649,027

Nursing Facility & Hospice Carry Forward

The funding for rate increases was "front-end loaded" for this strategy in order to provide more planning/budgetary flexibility. A portion of these funds is being carried forward into FY 2001.

\$ 50,826,074

Alzheimer's Grant

The Texas Department of Human Services was awarded an Alzheimer's grant for the purpose of planning, establishing, and providing services and assistance for persons with Alzheimer's disease and related disorders, their families and others who care for them.

\$ 317,807

A.1.5. Integrated Service Delivery Systems

Demand for the services provided under Integrated Service Delivery Systems has exceeded forecasts resulting in a shortfall of \$24,644,309. It is recommended that the Board approve an increase to this line item to be funded by \$9,700,000 state dollars from enhanced federal matching funds earned in FY1999 and \$14,944,309 of Title XIX Federal matching funds.

\$ 24,644,309

A.1.6. Deaf-Blind Services

Upon enactment of S.B. 374 the Deaf-Blind Services Program transferred from the Texas Rehabilitation Commission to the Texas Department of Human Services effective September 1, 1999. This adjustment adds funding for these services.

\$ 4,803,356

A.2.1. Long Term Care Facility Regulation

CARES (Compliance, Assessment, Regulation, and Evaluation System)
Project Carry Forward

Due to delays in implementation of CARES, lapsing funds (\$827,925 State, \$1,167,075 Federal) are being carried forward from FY 2000 to FY 2001 to fund CARES project activities.

\$ 1,995,000

**Strategy
Number**

Strategy

Amount

B.1.1.

TANF Grants

Child Support Enforcement Collections

Article II, Rider 20 of the 76th Legislative Session, directed the Department of Human Services to make supplemental payments to families receiving welfare who would be eligible to receive child support "pass through" and "first excess" payments under the Social Security Act Title IV-D child support distribution requirements prior to passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). This adjustment provides for an increase of \$2,815,097 in Child Support Collections to TANF Grants, Strategy B.1.1., in order for the department to make the payments to clients for "pass through" and "first excess" payments.

\$ 2,815,097

Senate Bill 666

Texas is moving from the Texas Welfare Reform Waiver to the Federal Personal Responsibility and Work Reconciliation Act of 1996 (PRWORA). This requires the phase-out of exemptions to certain Temporary Assistance to Needy Families (TANF) clients. Article IX, Section 9-11.09 directs that -- The Department of Human Services shall transfer an amount of not more than a biennial total of \$22,000,000 in TANF Federal funds to the Texas Workforce Commission. The Texas Workforce Commission shall use funding transferred from the Texas Department of Human Services to pay for employment services and child care services associated with implementation of that Act.

(\$ 15,000,000)

ERA Project

The department entered into negotiations with the Federal Government for settlement of the FFY 1992-1994 AFDC Quality Control sanctions. The department submitted a proposal to the Federal Government for the reinvestment of the settlement amount (\$2,523,517) and the proposal was accepted. The department will invest \$2,245,517 toward increased job retention -- wage advancement among current and former TANF recipients. The program is a collaboration with DHS and the Texas Workforce Commission Local Workforce Development Boards and other local stakeholders to design and implement the Employment Retention and Advancement (ERA) Project. Approval has been requested of the LBB and GBO for a carry forward of \$2,173,517 Earned Federal Funds from the \$2,245,517 and a carry forward of \$1,487,775 TANF Federal funds of the Barriers funding for Strategy B.1.1., TANF Grants.

\$ 3,661,292

Regional Innovation Projects

The department entered into contracts with Community Based organizations for the Barriers -- Regional Innovation Projects. Due to the late start-up of the projects funds are being carried forward for the completion of the Regional Innovation projects. These funds are 100% TANF Federal funds of \$1,573,081. Approval has been requested from the LBB and GBO.

\$ 1,573,081

MDRC Evaluation

The Department of Human Services was accepted to participate in the national Manpower Demonstration Research Corporation (MDRC) evaluation of employment retention and advancement of low-income parents. This evaluation is funded through the Administration for Children and Families (ACF). This evaluation began in FY 2000 and will continue through FY 2001 with the possibility for renewal through FY 2005 on a yearly basis and is 100% federally funded.

\$ 147,584

**Strategy
Number**

Strategy

Amount

B.1.2. CSS Eligibility & Issuance Services

Surviving Without TANF

The Department of Human Services requested a grant award for a Project entitled "Surviving Without TANF: A Longitudinal Study in Texas to Determine the Effects of Welfare Reform on Individuals Denied, Redirected or Diverted from Temporary Assistance to Needy Families". This grant will cover the period from September 1, 1999 to February 28, 2001. The Executive Office of Planning, Evaluation, and Project Management will manage this grant. This study will research the status of individuals and families who choose the lump sum payment (Texas' formal diversion effort) that are redirected from application from TANF; and who apply for TANF but are determined ineligible for non-financial reasons. The study will be conducted utilizing the services of the University of Texas (UT) LBJ School Ray Marshall Center for the Study of Human Resources and the UT School of Social Work Center for Social Work Research.

\$ 140,306

Teen Smart Reinvestment Project

The department submitted a proposal to the Federal Government for the reinvestment of the settlement amount (\$2,523,517) and the proposal was accepted. The department plans to utilize the reinvestment toward the third purpose of TANF, which is to "Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies." The department will enter into a media campaign toward this effort. The department will also work with the Communities in Schools program in order to provide-- "individualized services to TANF youth to decrease the number of at-risk students with out-of-wedlock pregnancies and increase the number who graduate from high school or its equivalent and obtain employment prior to establishing families of their own." Other uses will be to collaborate with other public, private, and volunteer organizations to strengthen efforts to prevent teen pregnancy and welfare dependency.

\$ 278,000

Hospital Based Workers

The Department of Human Services places workers in hospitals around the state in order to facilitate eligibility determination for clients. The hospitals pay the state share of the workers salary and benefits.

\$ 1,037,669

TIERS

Article II, Rider 36 of H.B. 1 appropriated all the funds for TIERS in FY 2000. This rider allows for the carry forward of those funds necessary to accomplish this mission to FY 2001.

\$ 42,800,000

EBT-2

House Bill 1, 76th Legislature, Rider 34 appropriated funds for the Electronic Benefit Transfer (EBT) program, showing a dollar appropriation in FY 2000 and the authority to spend unexpended balance of that appropriation in FY 2001.

\$ 1,563,964

B.1.3. Nutrition Assistance

Nutrition Assistance received approval to increase its budget by \$750,000 Earned Federal Funds. These funds are to be used to supplement the reimbursement rate for summer meals.

\$ 750,000

<u>Strategy Number</u>	<u>Strategy</u>	<u>Amount</u>
	The number of meals to be provided in the Nutrition Assistance program is higher than was anticipated in the appropriations bill. These increased meals are funded with federal funds. The Nutrition Assistance strategy is being increased by \$4,497,076 federal funds.	\$ 4,497,076
B.1.4.	Refugee Assistance	
	House Bill 1, 76th Legislature, estimated the level of federal funding at \$10,378,067. More current estimates of demand for these funds total \$13,188,333, an increase in pure federal funding of \$2,782,609. It is recommended that the Board approve this increase.	\$ 2,782,609
C.1.1.	Family Violence Services	
	The FY 2001 appropriation assumed a Family Violence Prevention Act allotment of \$4,087,696. The actual grant Award is \$4,895,618. Family Violence Services is being increased by \$807,922 to reflect this increased grant award.	\$ 807,922
D.1.2.	Information Resources	
	<u>Carry Forward of Funds for Welfare Reform System Modifications</u> House Bill 1 of the 76th Legislature appropriated funds in Line Item D12, Information Resources, in FY 2000 for systems modifications mandated under Welfare Reform legislation. Higher priorities (notably finishing remediation of millennium-based systems issues) caused some of this work to be postponed to FY 2001. The funds appropriated for this work are federal Temporary Assistance to Needy Families (TANF) funds and are eligible to be carried forward to FY 2001 with the approval of the LBB and the GBO.	
	It is recommended that the Board approve a carry forward \$2,478,538 in Line Item D12 from FY 2000 to FY 2001. The funds carried forward will be federal Temporary Assistance to Needy Families funds.	\$ 2,478,538
	<u>Interagency Contracts</u> In House Bill 1, 76th Legislature, revenue from interagency contracts was estimated at \$12,322,168. More current estimates put that figure at \$14,628,268; an increase of \$2,206,100. It is recommended that the Board approve this increase in estimated revenues.	\$ 2,206,100
Grand Total, Department of Human Services		\$ 3,987,712,931

Funding Transfers for FY 2001

<u>TRANSFER FROM</u>	<u>TRANSFER TO</u>	<u>Amount</u>
Nursing Facility & Hospice Payments	LTC Facility Regulation	\$ 384,859

Explanation of Transfer: As a result of reorganization and re-engineering of the LTC Facility Regulation strategy, staff and functions previously funded in Nursing Facility and Hospice Payments were transferred to LTC Facility Regulation. Therefore, a transfer of funds from Nursing Facility and Hospice Payments to LTC Facility Regulation is required.

Deaf-Blind Services	Community Care Services	\$ 97,394
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Explanation of Transfer: Staff functions funded in Deaf-Blind Services are transferred to Community Care Services to provide more efficient administration of the staff.

General Budget Authority Provisions for FY 2001

Accounting For Support Costs

DHS Rider 11, Article II, House Bill 1, 76th Legislature, authorizes the department to establish separate accounts to pay costs common to several strategies in an efficient manner. The costs that may be paid from these accounts include postage, occupancy costs, equipment repair, telephones, office printing costs, supplies, freight and transport costs, telephone system costs, and salary and travel costs of staff whose function supports several programs. The department is responsible for monthly allocations of these costs to the original strategies.

It is recommended that the Board approve transfers into these separate accounts from line item appropriations in order to establish and operate these support cost pools.

Co-Location of Services and Interagency Support Contracts

The FY 2000-2001 General Appropriations Act, Section 2(12) of the Special Provisions Relating To All Health And Human Services Agencies, authorizes the transfer of funds between human services agencies to provide an efficient and effective method of paying common support costs relating to co-location of services and/or costs of performing support functions for multiple agencies including costs associated with the Health and Human Services Consolidated Print Shop. The dollar value of these contracts is dependent on the level of services provided and is not necessarily a specified amount for the year.

It is recommended that the Board approve increases to the department's budget resulting from receipt of interagency funds for services provided by the department to other agencies.

Benefit Replacement Pay

For several years, the state was paying 5.85% of the employee's share of OASI on the first \$16,500 of the employee's salary. The maximum benefit is \$1,026 per year. This was passed by the Legislature in lieu of a state employee pay raise.

Senate Bill 102, 74th Legislature Regular Session, retained this benefit for existing employees but discontinued it for employees hired after September 1, 1995. To implement this provision, funds were appropriated to the Comptroller of Public Accounts. Since the expense would be incurred by each agency, the Comptroller computes each agency's actual expenditure for this benefit and reimburses the agencies from the funds appropriated.

It is recommended that the Board approve budget adjustments equal to the amount of reimbursements received from the Comptroller.

Disaster Assistance

The Federal Individual and Family Grant Program is intended to provide immediate response to serious disaster need. It is requested that the Commissioner be granted the authority to implement the Disaster activity upon notification of a Presidentially/Gubernatorially declared disaster in Texas with a subsequent report to the Board.

Budgeting CHIP

House Bill 1, 76th Legislature, Article XII, rider 5 appropriates all funding for the Children's Health Insurance Program (CHIP) to the Health and Human Services Commission (HHSC), empowering HHSC to allocate those funds among the Health and Human Services Agencies involved in the program. The amount of CHIP funding to be allocated to TDHS is estimated at this time.

It is recommended that the Board approve any budget adjustments to the amount of CHIP funds (Phases I and 2), and related Title XIX "spillover" funds received from HHSC.

Carry Forward of Funds for EBT

House Bill 1, 76th Legislature, Rider 34 appropriated funds for the Electronic Benefit Transfer (EBT) program, showing a dollar appropriation in FY 2000 and the authority to spend unexpended balance of that appropriation in FY 2001. The amount of such unexpended balance is estimated.

It is recommended that the board approve the carry forward of any unexpended balance of FY 2000 EBT appropriation into FY 2001 and the budgeting of such funds for the continuation of that program in FY 2001.

Carry Forward of Funds for TIERS

House Bill 1, 76th Legislature, Rider 36 appropriated funds for the Texas Integrated Eligibility Redesign (TIERS) project, showing a dollar appropriation in FY 2000 and the authority to spend unexpended balance of that appropriation in FY 2001. The amount of such unexpended balance is estimated.

It is recommended that the board approve the carry forward of the unexpended balance of FY 2000 TIERS appropriation into FY 2001 and approve the budgeting of such funds for the continuation of that project in FY 2001.

Indirect Administration

Article IX, Section 9-6.08 authorizes transfers between "Indirect Administration" strategies without limit as to the amount of the transfer. It is recommended that the Board approve adjustments to Indirect Administration strategies as necessary to properly fund state office functions.

Enhanced Funding

The amount of enhanced funding that will be expended in FY 2000 is still uncertain. It is recommended that the board approve the carry forward of the unexpended balance of the enhanced funding into FY 2001.

Carry Forward of Capital Budget

House Bill 1, 76th Legislature, Rider 1 appropriates funds for various capital budget projects. Article IX, Sec. 9.6-20 (j) provides that any unexpended balances remaining in appropriations for capital budget purposes for fiscal year 2000 are re-appropriated for fiscal year 2001 for the same purpose. The amount of such unexpended balance is estimated.

It is recommended that the board approve the carry forward of any unexpended balance of FY 2000 Capital Budget into FY 2001 and approve the budgeting of such funds for the continuation of those projects in FY 2001.

**FY 2002-2003
Appropriation Request**

**Comparison of Baseline State Funds Required in FY 2002-2003
Over the FY 2000-2001 Biennium
(Preliminary Estimates)**

	<u>Amounts Dollars in Millions</u>
State Funds Required in FY 2002-2003 to Fund the Baseline Budget Request *	\$ 3,124.2 *
Projected State Fund Expenditures in FY 2000-2001 *	2,920.4 *
Growth in State Fund Demand for the Baseline Budget Request in FY 2002-2003 over FY 2000-2001	203.8
Percentage Increase over FY 2000-2001	7.0%

According to the Legislative Appropriation Request instructions, agencies must limit their baseline requests to FY 2000-2001 spending levels for general revenue funds and all funds. The instructions permit specific exceptions to this general limitation. The Department of Human Services may exceed this limitation for increasing caseloads and acuity levels in the following federally mandated programs: Nursing Facility (Title XIX), Medicare Skilled Nursing, Hospice, Community Care Medicaid Non-Waiver, and the population mandated to participate in the STAR+PLUS Medicaid Waiver.

General Assumptions:

- These estimates include only dollars appropriated directly to the Department of Human Services. Such items as Benefit Replacement Pay and the proceeds of interagency contracts are excluded.
- The TANF Maintenance of Effort (MOE) state dollar requirement for DHS will remain at the FY 2000 level through FY 2003. All required MOE expenditures for FY 2001-2003 would be made in the TANF Grants strategy. All TANF-eligible expense shown in every other strategy is funded as 100% Federal.
- The Federal Medical Assistance Percentage (FMAP) assumed for FY 2002-2003 is 61.12%.

*** NOTES:**

- These amounts have been adjusted to reflect 23 months of nursing home payments in FY 2000-2001 and 24 months in FY 2002-2003. The August 2001 nursing home payment is estimated to be \$55.1 million state.
- If the FY 2000-2001 amounts were increased for the final FY 2001 FMAP (\$21.6 million state), the state fund increase would be \$182.2 million or 6.2%.

Preliminary Estimates of Key Performance Measures

	<u>FY 2000 Estimated</u>	<u>FY 2001 Budgeted</u>	<u>FY 2002 Baseline Service Level</u>	<u>FY 2003 Baseline Service Level</u>
<u>Community Care</u>				
Number of clients served per month: Medicaid Non-waiver Community Care	78,005	83,340	88,400	92,655
Number of clients served per month: Medicaid Community Based Alternatives Waiver	23,561	25,872	26,425	26,425
Number of clients served per month: Medicaid Related Conditions Waiver (CLASS)	1,145	1,344	1,345	1,345
Number of clients served per month: Deaf-blind with Multiple Disabilities Waiver	101	118	118	118
Number of clients served per month: Medically Dependent Children's Program	839	926	926	926
Number of clients served per month: Non-Medicaid Community Care	16,113	17,425	16,828	16,828
Number of clients served per month: Personal Attendant Services for Working Persons (included in non-Medicaid counts)	116	116	116	116
Total number of Community Care clients served per month	119,764	129,025	134,042	138,297
Total number of Community Care clients on interest lists per month	28,160	32,006	40,525	49,973
Estimated number of clients on interest lists that are eligible	16,616	19,670	24,532	29,924
<u>In-Home and Family Support Services (IHFS)</u>				
Number of clients receiving cash subsidy per month	3,150	3,150	3,150	3,150
Number of clients receiving capital expenditure reimbursement annually	725	725	725	725
Number of IHFS clients on interest list per quarter	4,900	5,348	5,348	5,348
Estimated number of clients on interest lists that are eligible	3,920	3,920	4,278	4,278
<u>LTC Eligibility and Service Planning</u>				
Average number of LTC Medicaid standardized case equivalents per month	149,950	155,217	159,202	162,492
Average number of Community Care standardized case equivalents per month	205,101	222,507	231,010	236,432
Average case equivalents per LTC Medicaid financial eligibility worker (Medical Assistance Only)	214	227	227	227

Preliminary Estimates of Key Performance Measures

	<u>FY 2000 Estimated</u>	<u>FY 2001 Budgeted</u>	<u>FY 2002 Baseline</u>	<u>FY 2003 Service Level</u>
Average case equivalents per Community Care worker	238	242	242	242
<u>Nursing Facility and Hospice Payments</u>				
Average number of persons receiving Medicaid-funded nursing facility services per month	63,001	64,903	65,066	65,209
Average number of clients receiving co-paid Medicaid/Medicare nursing facility services per month	3,384	3,424	3,439	3,445
Average number of clients receiving Hospice services per month	2,066	2,214	2,362	2,511
Average number of clients per month receiving state supplementation for personal needs allowance	11,250	11,250	11,250	11,250
<u>Integrated Service Delivery Systems</u>				
Average number of aged and Medicare-eligible nursing facility recipients per month served through STAR+PLUS HMOs	1,432	NA	NA	NA
Average number of aged and Medicare-eligible Community-based Alternatives (CBA) recipients per month served through STAR+PLUS HMOs	825	862	917	915
Average number of aged and Medicare-eligible other community recipients per month served through STAR+PLUS HMOs	24,453	24,755	25,073	25,392
Average number of disabled and blind nursing facility recipients per month served through STAR+PLUS HMOs	291	NA	NA	NA
Average number of disabled and blind CBA recipients per month served through STAR+PLUS HMOs	361	538	724	905
Average number of disabled and blind other community recipients per month served through STAR+PLUS HMOs	21,451	21,825	22,033	22,244
Average number of recipients per month: Program for All Inclusive Care (PACE)	320	320	320	320
<u>Long-term Care Facility Regulation</u>				
Number of LTC facility certifications issued	3,859	3,897	3,916	3,916
Number of LTC facility licenses issued and license application changes processed	3,995	3,271	4,156	3,399

Preliminary Estimates of Key Performance Measures

	<u>FY 2000 Estimated</u>	<u>FY 2001 Budgeted</u>	<u>FY 2002 Baseline</u>	<u>FY 2003 Service Level</u>
Number of nursing facility/ICF-MR on-site monitoring visits completed	1,380	1,518	1,670	1,837
Number of inspections completed	4,780	4,871	4,983	5,110
Number of complaint and incident investigations completed	15,725	16,069	16,419	16,776

Long-term Care Credentialing

Number of licenses issued or renewed: Nursing Facility Administrators	1,347	850	1,519	975
Number of credentials issued or renewed: Nurse Aides and Medication Aides	53,838	52,066	55,027	57,988
Number of criminal history checks processed	343,478	369,527	381,326	393,892

Home and Community Support Services Agencies (HCSSA)

Number of HCSSA licenses issued	2,669	2,749	2,832	2,917
Number of HCSSA inspections conducted	1,746	1,905	1,963	2,021
Number of complaint investigations conducted on-site	603	622	641	661

TANF Grants

Average number of TANF-Basic recipients per month	306,027	305,154	299,957	294,769
Average number of TANF-UP recipients per month	30,025	31,234	31,048	30,941
Average number of TANF one-time payments per month	93	91	89	87
Number of children receiving \$60 once-a-year grant	244,952	238,866	238,413	235,883
Average number of TANF one-time grandparents payments per month	359	119	119	119
Average number of clients per month: Barriers Project (Regional Innovation Projects)	628	1,250	1,650	1,650
Average number of clients per month: Barriers Project (Employment Retention and Advancement Projects)	338	545	818	545
Average monthly TANF-Basic grant	56.41	56.16	57.36	58.91
Average monthly TANF-UP grant	50.90	51.32	52.74	54.45

Preliminary Estimates of Key Performance Measures

	<u>FY 2000 Estimated</u>	<u>FY 2001 Budgeted</u>	<u>FY 2002 Baseline Service Level</u>	<u>FY 2003 Baseline Service Level</u>
<u>CSS Eligibility and Issuance Services</u>				
Average number of TANF cases per month	126,500	125,616	122,885	120,805
Average number of Food Stamp cases per month	511,303	515,577	521,145	527,809
Average number of Children, Pregnant Women, and Medically Needy program (CPW Medicaid) cases per month	509,399	543,645	563,951	575,405
Average number of Food Stamp recipients per month	1,393,352	1,405,266	1,419,193	1,436,541
Average number of Children, Pregnant Women, and Medically Needy program (CPW Medicaid) recipients per month	704,931	758,754	791,334	808,820
Number of potential TANF applications redirected to alternative services	15,167	12,974	10,851	8,683
Average number of standardized CSS case equivalents per month	1,195,117	1,227,182	1,250,172	1,263,119
Average number of standardized case equivalents per worker per month	238	242	242	242
Total value of food stamps distributed (in millions)	1,218.2	1,236.0	1,248.2	1,263.5
<u>Nutrition Assistance</u>				
Average number of meals served through DHS' School Lunch and Breakfast Program per day	41,740	42,575	43,427	44,296
Average number of children served meals through Summer Food Services per day	200,740	204,755	208,850	213,027
Average number of children and adults served meals through the Child and Adult Food Care Program per day	191,277	195,103	199,005	202,985
Dollar value of commodities distributed per quarter (in millions)	18.5	19.0	19.0	19.0
<u>Refugee Assistance</u>				
Number of refugees receiving contracted social services	7,500	6,500	6,500	6,500
Number of refugees receiving financial and medical assistance per month	1,916	1,800	1,800	1,800

Preliminary Estimates of Key Performance Measures

	<u>FY 2000 Estimated</u>	<u>FY 2001 Budgeted</u>	<u>FY 2002 Baseline Service Level</u>	<u>FY 2003 Service Level</u>
<u>Family Violence</u>				
Number of women and children served	74,776	77,767	77,767	77,767
Number of hotline calls	157,248	160,393	160,393	160,393
DHS average cost per participating program/shelter	216,787	223,028	223,028	223,028
Percent of shelter budgets provided by DHS	25	25	25	25

Exceptional Items

Exceptional Item	Summary of Exceptional Items					
	FY 2002			FY 2003		
	<u>State</u>	<u>Total</u>	<u>Staff</u>	<u>State</u>	<u>Total</u>	<u>Staff</u>
Restore Non-Medicaid Community Care to the FY 2001 Service Level	2,784,572	2,784,572	0	2,784,572	2,784,572	0
Funding to Reduce Long Term Care Interest Lists	45,802,168	98,076,884	140.4	114,525,655	268,140,527	300.7
Improve Quality by Increasing Salaries for Community Care Attendants and Nursing Facility Nurse Aides	46,259,427	112,426,300	0	94,519,516	230,009,264	0
Funding to Provide Prescription Drugs for Frail Elderly Individuals	71,500	143,000	0	25,407,237	65,347,833	0
Inflation for LTC Services	29,366,009	74,322,694	0	59,707,310	151,167,899	0
Promoting Independence	7,193,272	12,766,505	44.6	18,911,769	32,343,995	197.4
Acuity of LTC Clients	6,235,227	16,036,360	0	16,903,353	43,475,701	0
LTC Workload Improvement	2,585,296	5,181,701	100.0	2,095,241	3,880,918	100.0
Increased Funding for the Alzheimer's Program	897,836	897,836	11.1	829,413	829,413	11.1
Enhanced Automation for HCSSA and Aged & Disabled (Complaints) – Strategic Automation Plan Strategy 3A2	843,750	1,350,000	0	500,000	800,000	0
Additional LTC-R and Credentialing Staff	3,375,492	5,192,956	107.0	3,106,470	4,781,961	112.0
Expand HCSSA Staff to Survey Branches and Do On-site Investigations	640,026	640,026	12.0	620,145	620,145	13.0
Credentialing Integrated Automation Project – Strategic Automation Plan Strategy 3A3	358,199	537,312	0	79,998	120,000	0
TIERS Project Software Development and Statewide Rollout – Strategic Automation Plan Strategy 1B2	32,238,400	67,339,731	0	29,875,738	62,404,592	0
Family Violence Services Expansion	2,642,822	2,642,822	0	2,642,822	2,642,822	0
Eliminate Language Barriers for Clients	1,393,662	3,139,586	24.0	590,976	1,331,326	24.0
Integrated Administrative Systems – Strategic Automation Plan Strategy 6A1	2,706,421	5,847,526	0	1,789,819	3,824,399	0
Improve Contract Management and Monitoring	2,656,506	5,655,918	66.0	1,635,705	3,386,358	66.0
Automation Infrastructure Improvements – Strategic Automation Plan Strategies 6A2 and 6A3	5,635,585	12,660,760	0	5,767,669	12,781,645	0

Summary of Exceptional Items

<u>Exceptional Item</u>	FY 2002			FY 2003		
	<u>State</u>	<u>Total</u>	<u>Staff</u>	<u>State</u>	<u>Total</u>	<u>Staff</u>
Making Salaries Competitive to Attract and Retain Qualified Staff	7,959,600	18,000,000	0	7,959,600	18,000,000	0
Grand Total	201,645,770	445,642,489	505.10	390,253,008	908,673,370	824.20

Restore Non-Medicaid Community Care to FY 2001 Service Level

Description of Item:

The instructions for the FY 2002-2003 Legislative Appropriations Request require the department to limit the baseline state dollar funding request for non-Medicaid Community Care Services to the amount of state funds expended/budgeted for these services in FY 2000-2001. Since the budgeted service/expenditure level for FY 2001 is an increase over the FY 2000 expended level, the amount of state dollars needed to maintain services at the FY 2001 level over the next biennium exceeds the FY 2000 expended/FY 2001 budgeted level by \$5.5 million state dollars.

The non-Medicaid services include Adult Foster Care, Client-managed Attendant Services, Day Activity and Health Services, Emergency Response Services, Home-delivered Meals, Family Care, Residential Care, Respite Care, and Special Services to Adults with Disabilities. Some of these services are not covered under the Medicaid program (i.e., AFC, Home-delivered meals, and CMAS). Other services are similar to Medicaid-covered services, but the clients receiving the services are not eligible for Medicaid.

This initiative will enable the department to maintain its non-Medicaid Community Care service level at the FY 2001 level.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 2,784,572	\$ 2,784,572	0	\$ 2,784,572	\$ 2,784,572	0

Key measures:

	FY 2002	FY 2003
Average number of clients served per month: Non-Medicaid Community Care	597	597

Justification:

Providing CCAD services to additional persons may prevent further deterioration of their condition, which could ultimately result in more expensive nursing facility (NF) care being required. The estimated average cost of non-Medicaid CCAD care in FY 2001 is \$390 per month, versus \$2,087 per month for NF care.

Funding to Reduce Long Term Care Interest Lists

Description of Item:

This request for funding will allow services to be provided to individuals who meet program criteria and are currently on interest lists for the following: non-Medicaid community care services, the In-Home and Family Support program, and the Medicaid waiver programs (Community Based Alternatives-CBA and Community Living Assistance and Support Services-CLASS). This funding request includes Acute Care costs for clients in CBA, CLASS, and MDCP. Additional staff would be required to determine eligibility, complete assessments, develop service plans, and monitor service delivery. Services to needy Texans will be provided which are consistent with promoting independence. The benefit of implementation is in keeping with the agency philosophy of serving clients in non-institutional settings to the maximum extent possible.

This initiative proposes to fund 10 additional slots per year to serve adults with Deaf-Blindness and Multiple Disabilities and 20 additional slots per year to serve children under the age of 18 with Deaf-Blindness and Multiple Disabilities. The Deaf-Blind Waiver is currently limited to adults who are 18 and over. Sixty children under the age of 18 have requested services from this waiver program.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 46,259,427	\$ 98,076,884	140.4	\$ 114,525,655	\$ 268,140,527	300.7

Key measures:

	FY 2002	FY 2003
Average number of clients served per month: Medicaid Community-Based Alternatives (CBA) Waiver	3,975	9,275
Average number of clients served per month: Medicaid Related Conditions Waiver (CLASS)	200	1500
Average number of clients served per month: Medically Dependent Children's Program (MDCP)	65	425
Average number of clients served per month: Non-Medicaid Community Care	1,100	1,450
Average number of clients receiving In-Home/Family Support (IHFS) Cash Subsidy per month	1,700	2,250
Average number of clients served per month: Deaf-blind with Multiple Disabilities Waiver	30	60
Total additional clients served	7,070	14,960

Justification:

Services will be provided which are consistent with promoting independence; represent increased business opportunities and employment; and for 1915c waiver programs, brings in more federal dollars.

If this initiative is funded, the estimated number of eligibles on interest lists not served in FY 2002 would be 21,770 and in FY 2003 would be 19,302. With a reasonable phase-in period, 11,961 estimated eligibles could be served in FY 2002 with a cost of \$80.7 million state and an increase of 279.2 staff. In FY 2003, 17,384 estimated eligibles could be served with a cost of \$130.1 million state and an increase of 380.5 staff.

	FY 2002	FY 2003
	Estimated Eligibles	Estimated Eligibles
	<u>On Interest List</u>	<u>On Interest List</u>
<u>Clients</u>		
CBA	13,857	13,858
CLASS	2,976	1,727
MDCP	935	575
Non-Med	1,424	1,114
IHFS	<u>2,578</u>	<u>2,028</u>
Total	21,770	19,302

**Improve Quality by Increasing Salaries for Community Care Attendants
and Nursing Facility Nurse Aides**

Description of Item:

In many parts of the state, providers are unable to attract adequate numbers of attendants and aides with appropriate skills due to low unemployment rates associated with the improved economy. Cost report data and wage trends indicate that the majority of community care attendants currently are paid wages at or near the minimum. Although some attendants receive wages in the \$6.00 to \$7.00 per hour range, and nursing home aides are paid, on average, approximately \$7.00 per hour, many providers still find it difficult to recruit and retain competent staff. This initiative would support competitive wages and benefits necessary to recruit and retain staff who are willing and able to provide quality care. It is assumed that the community care attendants' and nursing facility aides' compensation (wages and benefits) increase by 10% per year.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 46,259,427	\$ 112,426,300	0	\$ 94,519,516	\$ 230,009,264	0

Justification:

Riders 37 and 38 recognize the importance of competitive wages and benefits necessary to recruit and retain staff that are willing and able to provide quality care. This initiative will support the efforts being made to improve quality of care. This initiative would be implemented with spending accountability to ensure that funds are used for the intended purpose.

Funding to Provide Prescription Drugs for Frail Elderly Individuals

Description of Item:

TDHS provides only attendant care services to individuals in Frail Elderly. Many of these individuals have high prescription drug costs and eventually access full Medicaid coverage by moving from Frail Elderly to a Nursing Facility or the Community Based Alternatives waiver. Services beyond attendant care and prescription coverage may not be necessary to allow these individuals to remain in the community. Adding the prescription coverage to the Frail Elderly program will promote independence by allowing individuals to remain in the community under a limited service array rather than seeking institutionalization or waiver programs to obtain prescription coverage. Although these individuals are not eligible for SSI benefits, their income and resources are within the limits for the Nursing Facility and Community-Based Alternatives programs.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 71,500	\$ 143,000	0	\$ 25,407,237	\$ 65,347,833	0

Justification:

This promotes independence by allowing individuals to remain in the community under a limited service array rather than seeking institutionalization or waiver programs to obtain prescriptions. FY 2002 costs are only related to automation. Access to necessary medications is expected to improve individuals' health and quality of life.

Inflation for LTC Services

Description of Item:

For Community Care, this initiative would provide inflation of 1.7% in FY 2002 and 1.7% in FY 2003 for non-attendant related costs. The baseline assumes no inflation.

For Nursing Facilities and Hospice Payments, this initiative would provide an inflation add-on of 3.4% in FY 2002 and an additional 3.4% in FY 2003 for non-nurse aide-related costs. The baseline assumes no inflation.

For STAR+PLUS, this initiative would provide inflation add-ons in FY 2002 of 4.2% for acute care services (CPI-Medical Care), 1.7% for community care-related services, and 3.4% for nursing facility-related services. For FY 2003, inflation-related increases are estimated at 4.2%, 1.7%, and 3.4%, respectively. The baseline assumes no inflation.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 29,366,009	\$ 74,322,694	0	\$ 59,707,310	\$ 151,167,899	0

Justification:

Costs related to salary increases for Community Care attendants and Nursing Facility nurse aides are included in the initiative entitled "Increase Salaries for Community Care Attendants and Nursing Facility Nurse Aides".

Promoting Independence

Description of Item:

This initiative will increase community awareness about community-based services, identify affected populations within nursing facilities (NFs), and will assist in relocating identified nursing facility residents who are willing and able to transition to community living arrangements. The identification activities will include improving the flow of information to residents of NFs and their families about available supports in the community, identification of specific NF residents interested in transitioning, community outreach activities to raise awareness of community care options, and systematic collection and analysis of data to improve our understanding of the best methods of avoiding institutionalization and removing barriers to community placements. For individuals who are willing and able to transition to community living arrangements, this initiative will provide intensive relocation services, development of the supports needed for community placement, and the provision of one-time grants to pay for costs associated with moving and re-establishing a community residence. The grant funds are necessary because NF residents often do not have the financial resources to re-establish community residences. This financial need and the lack of accessible, affordable housing have been identified as barriers to transitioning. This initiative will be implemented in stages with the identification, relocation and community awareness activities beginning in FY 2002 and the implementation of these activities statewide in FY 2003.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 7,193,272	\$ 12,766,505	44.6	\$ 18,911,769	\$ 32,343,995	197.4

Justification:

Anticipated outcomes:

- Promote permanency planning to begin reduction in the number of children in nursing facilities.
- Decrease the number of Medicare admissions who remain in the facility after Medicare benefits are exhausted.
- Increase knowledge about the most effective methods of diverting or relocating persons from nursing facility care.
- Increase local capacity, paid and voluntary, to provide services in the community to individuals who are elderly or have disabilities.
- Increase individuals who could be transitioned into community with start-up grant funds.
- Increase knowledge of community care options in target groups, including people who are elderly or who have disabilities and their families, physicians and medical professionals, hospital discharge planners and social workers, civic, community and faith-based groups.

Acuity of LTC Clients

Description of Item:

In addition to inflation, a significant cost driver for Long Term Care services has been an upward trend in clients' "acuity". However, the baseline assumes no increase in acuity. This initiative requests funding for increases in service costs related to changes in acuity.

For Community Care, trends indicate that the average hours of attendant care delivered per Primary Home Care client per month will increase by about 1.1% per year, while the average number of half-days delivered per Day Activity and Health Services client will increase by 1.7% per year.

For Nursing Facilities, trends indicate that the weighted average daily rate per patient day will increase by .9% per year due to increases in the average patient "case mix". One possible reason for this apparent increase in acuity may be the reduction in utilization of Medicare Skilled Nursing Facility (SNF) care by Medicare/Medicaid "dual eligibles", and a corresponding increase in Medicaid nursing facility care. Since Medicare SNF patients tend to have a relatively high case-mix, this could account for some of the increase in acuity. In addition, the diversion of potential NF clients into Community Care services could have an impact on acuity, since a higher proportion of clients at the lower acuity levels are diverted into community care.

For STAR+PLUS, the estimated impact of increasing acuity is limited to the expected increased utilization of Primary Home Care/ Day Activity and Health Services. Trends in the fee-for-service Community Care strategy indicate that the utilization of these services is growing .8% per year faster than the increase in the aged and disabled population. Therefore, it is assumed that utilization of these services by STAR+PLUS clients will mirror the utilization increase seen under fee-for-service.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 6,235,227	\$ 16,036,360	0	\$ 16,903,353	\$ 43,475,701	0

Justification:

Long-term Care Workload Improvement

Description of Item:

Due to the complexity of services needed for individuals receiving Community-Based Alternatives (CBA) services, caseworkers spend considerably more time developing care plans, monitoring those plans and quality of care, and modifying care plans. Caseworkers are in frequent contact with clients and providers. Additional caseworkers are needed because the average weighted caseload has grown from 167.1 in FY 1995 to 238 in FY 2001. Additional A & D eligibility workers will allow average weighted caseloads to go from 238 to 230.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 2,585,296	\$ 5,181,701	100.0	\$ 2,095,241	\$ 3,880,918	100.0

Key measures:

	FY 2002	FY 2003
Average case equivalents per Community Care Worker	230	230
Average case equivalents per LTC Medicaid Financial Eligibility Worker (Medical Assistance Only)	215	215

Justification:

This initiative will provide improved customer service, reductions in the length of time it takes to initiate services, and an increase in amount of time available to spend on real casework – i.e., actual contact with the client.

Increased Funding for the Alzheimer's Program

Description of Item:

This program has worked well to galvanize current communities to work together in a private-public partnership to provide information/education and services to persons with Alzheimer's Disease (AD) and their caretakers. This effort of supporting the caretaker, by providing a range of services such as legal, case management, respite, and assessment, allows persons with AD to remain at home and thereby delay institutionalization. Ultimately, this saves the state Medicaid nursing facility dollars if the supports are in place to keep a person home, not to mention the increased quality of life for the caretaker and extended family. In program sites, DHS staff are co-housed with the local Alzheimer's Chapter. DHS staff help individuals and families to access local services. Grants are also given to local coalitions to develop specialized services to assist individuals with AD and their families.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 897,836	\$ 897,836	11.1	\$ 829,413	\$ 829,413	11.1

Justification:

This program decreases the end costs of caring for persons with AD by providing less-costly community supports and coordination of community services to prevent early institutionalization. The number of elderly Texans increases each year, and the incidence of Alzheimer's disease (AD) increases with age - over half the population over 85 has AD or some form of dementia. AD affects not only the person with the disease, but also the caregiver. The CARE program provides case management, coordination of existing community resources, and the provision of respite services for persons with AD and their caregivers. Without these services, caregivers are often isolated and unaware of available assistance programs, which can ultimately result in unnecessary (and costly) institutionalization of persons with AD. Caregivers' health can also be compromised by the rigors of caring for the person with AD, thus generating additional costs for the health care system.

Enhanced Automation for HCSSA and Aged & Disabled (Complaints)
Strategic Automation Plan Strategy 3A2

Description of Item:

A single, inclusive, cost-effective solution for intake and tracking of HCSSA agency, contract management, and A & D worker received complaints would provide much value to LTCR and the entire agency. The proposal would include the analysis of the automation needs for all components as well as the analysis of existing agency systems, Commercial Off-The Shelf Software (COTS), and Software development for viability as a solution to creation of the comprehensive system. The initiative would require MIS program hours for analysis and design regarding service related business process requirements and design of a comprehensive complaint intake and tracking system. In addition, LTCR and OP staff will be involved in analysis and planning activities. It is estimated that 15,000 hours are associated with the comprehensive complaint intake initiative. In addition to program staff time that will be required, a program project manager and possibly a technical writer will be needed at an estimated cost of \$250,000 annually.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 843,750	\$ 1,350,000	0	\$ 500,000	\$ 800,000	0

Justification:

There are several benefits that will come from implementation of this initiative. This system will result in higher data integrity, which leads to improved statistical analysis. Complaint consolidation would provide a single point of contact for all reports. Additional benefits include:

- Increased efficiency of HCSSA and A&D staff;
- Eliminating duplicate data entry and duplicate data records;
- Consolidating information from multiple data bases into one central repository;
- Better information available for legal staff in due process actions; and
- Producing timely summary and ad hoc reports for program reporting and management needs.

Additional Long-term Care Regulatory and Credentialing Staff

Description of Item:

LTC-R and Credentialing have experienced an unexpected increase in work effort relating to their respective regulatory functions. LTC-R has experienced an unexpected increased workload relating to nursing facility chain bankruptcies and financial instability. To continue performing planned regulatory and this additional work at an effective level to meet the state and federal mandates, additional staff is needed. Additional regional surveyor and data entry staff would be able to do the special monitoring of the bankrupt/financially unstable facilities and to do timely data entry into the CARES automation system. Additional state office staff are needed to collect and analyze information on the bankrupt facilities, to respond to information requests timely, to evaluate change of ownership requests thoroughly prior to the actual sale, and to perform evaluation of prospective owners of Home Health Agencies (HHA) history prior to license issuance. Benefits include more consistent, on-site monitoring of the bankrupt or financially unstable facilities assuring good resident care, more timely data entry resulting in better quality information and timely reporting, and better analysis of prospective HHA operators to assure better client services. Likewise, the Credentialing program has increased workload. A sanctions coordinator is needed to provide oversight for review of Nursing Facility Administrators Advisory Committee recommended sanctions; coordination with Long Term Care Regulatory Regional Attorneys, the State Office of Administrative Hearings, and legal representatives for referrals of credentialed and unlicensed personnel for the purpose of due process considerations (to include case reviews and summaries, informal reconsiderations, settlement proceedings and formal hearings). The new federal sanction of being included in the national Healthcare Integrity and Protection Data Bank is creating additional workload regarding due process considerations and settlement negotiations. Additional professional nurse expertise is needed for the evaluation of nursing facility administrator, nurse aide and medication aide program investigation cases and rule promulgation. Due to an increase in the number and complexity of the nursing facility administrator investigations, more qualified investigators are needed to build cases that are supportable in the hearing process.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 3,375,492	\$ 5,192,956	107.0	\$ 3,106,470	\$ 4,781,961	112.0

Key measures:

	FY 2002	FY 2003
Number of nursing facilities/ICF-MR on-site monitoring visits completed	5,332	5,760

Justification:

The program will benefit from additional staff in these areas in the following ways:

- Specialized facility monitors will provide DHS with consistent, on-site assessments of care delivery in respect to financial considerations, ensure comprehensive documentation and data entry of related monitoring elements for reporting and review, and coordinate indications for legal proceedings, such as trustee placement, on a state-wide basis.
- With the regional data review and entry staff, the quality and completeness of the program data will be more quickly available to all levels of staff (surveyors, program managers, Regional Directors, State Office managers) to use in day-to-day operation and in long range planning.
- Collection and analysis of data on prospective home health providers and financially unstable nursing facilities will provide the ability to identify "bad actors" before a license application is approved for HHA or nursing facility owners

Expand HCSSA Staff to Survey Branches and Do On-site Investigations

Description of Item:

The Long Term Care Regulatory-Home and Community Support Services Agencies (HCSSA) program is responsible for ensuring the health and safety of Texans receiving home health, hospice, and personal assistance services in their home or independent living environment. There are approximately 1840 parent and 478 branch agencies. Currently there are six (6) HCSSA zone or regional offices with approximately fifty-four (54) surveyors. These surveyors conduct licensing and certification inspections of agencies to ensure they meet state and federal licensure and certification requirements. With the current regional/zone configuration, staff travels great distances across regional boundaries. This takes valuable time away from the regulatory process. To ensure that HCSSA's (parent and branch offices or delivery sites) are adequately surveyed and all client care related complaints are investigated timely, HCSSA staff must be increased and be located in each of the 11 DHS regional offices. The additional surveyor and support staff will result in increased oversight by the HCSSA regulatory staff in parent and branch HCSSA sites as part of the routine survey schedule. Additional staff resources would also allow for the investigation of a greater number of complaints beyond those that currently fall into a narrowly defined immediate and serious threat category and would improve the thoroughness of the investigations. The support staff would provide clerical and technical support work to ensure that the surveyor/investigator work products are compiled, data entered and distributed accurately and timely.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 640,026	\$ 640,026	12.0	\$ 620,145	\$ 620,145	13.0

Key measures:

	FY 2002	FY 2003
Number of HCSSA inspections conducted	119	122
Number of complaint investigations conducted on-site	192	198

Justification:

The public is increasingly concerned about the quality of care and quality of life of recipients of home and community support services. Expansion of the HCSSA zone offices into the five existing TDHS regions will result in increased oversight by the HCSSA regulatory staff. This heightened regulatory presence will result in the provision of quality health care through increased communication between the HCSS agencies and the regulatory staff. For example, currently HCSSAs located in El Paso and the Rio Grande Valley are surveyed by staff from Lubbock and San Antonio, respectively. Closer proximity to the areas that they survey and inspect will afford our HCSSA staff more insight into unique characteristics of a region that may impact the provision of care.

Increased HCSSA staff will also allow for increased inspections of branch offices of HCSSAs. Currently the bulk of the survey activity occurs at the parent location. If an inspection of the parent location identifies significant quality of care issues, then the survey is expanded to the branch locations. Additional staff resources would allow us to include the branch offices into the routine survey schedule for the parent agencies.

Additional staff resources would also allow for the investigation of a greater number of complaints. Currently, we are investigating only allegations of immediate and serious threats to clients of HCSSAs. There is a need to begin to investigate allegations that do not indicate serious or immediate threats to patient health and safety. For example, allegations of financial insolvency are not categorized as immediate and serious threats; however, many investigations of this type yield information and evidence that because of financial problems the agency has cut back in the area of patient care, and there are resulting quality of care issues.

**Credentialing Integrated Automation Project
Strategic Automation Plan Strategy 3A3**

Description of Item:

The Credentialing Integrated Automation project was proposed to create a centralized automation system (with linkage to other DHS and state agencies) for the Nursing Facility Administrator, Nurse Aide Registry and Training, Medication Aide, and Criminal History programs, as well as the new program mandated by SB 967, the Employee Misconduct Registry (EMR) which will track unlicensed direct care personnel who commit acts of abuse, neglect, exploitation and misappropriation. The current method of delivery is several inefficient and antiquated non-centralized standalone systems. This system would also allow facilities for the aged/disabled and home and community support agencies regulated by the department to request criminal history checks on unlicensed or uncredentialed personnel via an Internet web site.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 358,199	\$ 537,312	0	\$ 79,998	\$ 120,000	0

Justification:

An integrated automation system for the Credentialing Department that provides linkage with Long Term Care – Regulatory (LTC-R), Department of Public Safety (DPS) and the Office of Attorney General (OAG) will effect accuracy and efficiency for employability, licensing, certification, and permitting activities and subsequent sanctions – thereby providing better customer service while increasing the level of protection afforded to the aged and disabled.

This project is imperative in order to:

- Manage the expanding service level and future growth of information in this department. The Credentialing program currently licenses, certifies, permits and validates employability for 2,500 nursing facility administrators; 250,000 nurses aides; 7,500 medication aides; and 380,000 unlicensed personnel in facilities for the aged/disabled and home and community support service agencies. With implementation of the Employee Misconduct Registry, an additional 20,000 or more uncredentialed direct care personnel will come under the department's purview. In addition, effective September 1, 1999, the Credentialing Department absorbed the Home and Community Support Services Agency's (HCSSA) Criminal History Program that was transferred from TDH as mandated by Senate Bill 374. As a result, Credentialing is now conducting more than twice the amount of criminal history checks than it has in the past - approximately 380,000 or more annually.
- Provide better customer service while increasing the level of protection afforded to the aged and disabled by increasing efficiency and accuracy of department operations.

The agency would experience a more coordinated operation, eliminating duplication of effort and providing a more customer supportive process.

**TIERS Project Software Development and Statewide Rollout
Strategic Automation Plan Strategy 1B2**

Description of Item:

TIERS focuses on the redesign and replacement of automated legacy systems that support eligibility determination. Once implemented, TIERS will provide an incremental and more economical approach for DHS to do business. TIERS will replace all systems currently supporting the public assistance eligibility determination process, including the System for Application, Verification, Eligibility, Referrals, and Reporting (SAVERR), the Generic Worksheet (GWS), and the Long-term Care Worksheet (LTCW).

Appropriations totaling \$54.8 million were allocated for FY 2000 and FY 2001 to initiate the project and to provide: validation of DHS work to date; policy integration and simplification; complete the conceptual design of the entire system; create the detailed design of the scheduling and screening modules; construct and implement these two modules; and obtain Independent Verification and Validation (IV&V) services for the biennium.

During the 2002 and 2003 biennium, the project will move to implementation in which the Software Engineering Integrator vendor will validate the project's Conceptual Design and construct the remainder of the TIERS system. This includes the functions to replace all applications that currently support the Texas Works and Long-term Care programs. TIERS will incorporate simplified eligibility rules. The Independent Verification and Validation (IV&V) contractor will continue to monitor all project deliverables and processes; the Training vendor will provide training to all end-users; and the Help Desk vendor will provide necessary assistance should the system not function correctly.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 32,238,400	\$ 67,339,731	0 ¹	\$ 29,875,738	\$ 62,404,592	0 ¹

Justification:

In addition to improving client access to needed benefits and services, the investment of these dollars will reduce overall program costs by streamlining the eligibility determination process and eliminating redundant activities. The project's Justification indicates that the TIERS project will produce a one-time estimated saving of at least \$33 million when fully implemented. Replacing the current applications, many of which are over 20 years old, will generate these savings. TIERS will be written in a language that is substantially more efficient to construct and maintain.

¹ TDHS maintains a Project Support Team for the TIERS Project, which is funded within the agency baseline and, as such is not included in this initiative.

Family Violence Services Expansion

Description of Item:

Family Violence Services Expansion: 24-hour a day shelter services, 24 hour hotline, emergency medical care, emergency transportation, counseling services, legal assistance in the civil and criminal justice systems, education arrangements for children, information regarding job training and employment, cooperation with criminal justice officials, community education, information and referral services, and recruitment and training volunteers.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 2,642,822	\$ 2,642,822	0	\$ 2,642,822	\$ 2,642,822	0

Key measures:

	FY 2002	FY 2003
Number of women and children served	23,330	23,330

Justification:

In FY 1999, an estimated 841,654 women were physically, sexually, and/or emotionally battered in Texas. Local family violence programs in 1999 were able to provide residential shelter to 11,423 battered women and non-residential services to 28,196 women; therefore, only 4.7% of the total state's adult victims were served. Note that these statistics do not take into account the needs of and services to the children of battered women. As the population of Texas grows, the awareness of domestic violence and the need for support services will continue to increase as well.

In addition to the increased potential number of victims, a number of other facts reflect an increased need for services:

- The number of women killed in FY 1998 increased
- Hotline calls received by local FV providers increased by 21,000 calls, from FY 98 to 99
- The number of days of stay increased for residential programs
- The number of victims receiving non-resident services has been steadily increasing, and
- 22.96% were denied shelter due to a lack of space.

Residential programs across the state have reached the maximum capacity for available bed space; therefore the number of women sheltered has remained relatively constant with very little variation from the previous years. The increased length of stay is a strong indicator of the growing complexity of comprehensive services needed for self-sufficiency. The non-resident population served is continuing to grow due to a variety of contributing factors: 1) the increased law enforcement training and the implementation of laws that has resulted in increased safety of women in their homes; 2) the ability of family violence programs to provide more comprehensive non-resident services; 3) the continued heightened awareness through community education; and 4) the increased number of victims accessing available post-emergency services.

This additional funding will allow for critically needed expansion of services and the development of residential and non-residential service providers as well as outreach to under-served communities. Our resources estimate 1,800,485 women in Texas will be battered during the FY 2002/2003 biennium. With this additional funding, it is expected that FV programs would be able to serve 110,896 women over the biennium – providing services to a little over 6% of the total state's adult victims, and enabling approximately 14,464 additional women, many with children to receive services.

It is imperative that the state continues to increase services to victims of family violence so that victims have increased safety and security, and a continuum of care that allows for achievement of self-sufficiency and living free from violence. Additionally it is important that the state continue to support the development of new program initiatives for victims in under-served populations and geographic areas.

Eliminate Language Barriers for Clients

Description of Item:

People with limited English proficiency may have difficulty obtaining services from DHS because the agency has not been able to hire sufficient numbers of multi-lingual direct service delivery staff. Adequate and timely translation services are not always available. Communication barriers can adversely affect DHS clients through reduced accessibility to DHS benefits and services and errors in eligibility determinations. The number of clients and applicants with limited English proficiency is increasing.

Current staff will continue to use their bilingual skills in service delivery. DHS can, however, better meet the needs of clients and applicants by adopting multiple strategies for communication with persons with limited English proficiency and targeting the approach to best fit the needs in various areas of the state. Components of this initiative include:

- Centralized Interpretation and Translation Units
For languages with sufficient client population to require full-time services, it is most cost-effective to hire multi-lingual staff in service delivery positions in local offices. By establishing centralized units, translators will also be available by telephone or by appointment so that adequate coverage is available in all locations. Additional staff are requested to adequately staff these centralized units. Purchase of speakerphones for direct delivery staff is also included.
- Contracted Interpretation and Translation Services
Contracted services are most cost-effective when there is not a need for full-time translation services for a language or when there are not sufficient staff or applicant pools available to meet the need. In addition to on-site translation services, the agency will also expand use of commercial telephone translation services.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 1,393,662	\$ 3,139,586	24.0	\$ 590,976	\$ 1,331,326	24.0

Justification:

This initiative would provide for better service to DHS clients and ensure compliance with federal and state laws and regulations requiring DHS to meet the linguistic needs of clients. Further, this initiative would ensure compliance with federal laws and regulations that protect clients and employees from discrimination.

**Integrated Administrative Systems
Strategic Automation Plan Strategy 6A1**

Description of Item:

The agency plans to replace more than twelve disparate mainframe and LAN systems, some more than twenty years old, with one integrated client server package for administrative systems. The existing systems are increasingly difficult to modify and maintain. DHS will implement the system in coordination with other HHSC agencies, providing the opportunity to take a team approach to leveraging information resources to address common human service agency issues. IAS will support financial and human resource management needs including general ledger, purchasing and contracts, accounts payable, asset management, expense reimbursements, human resources, payroll, and time and leave accounting. Project costs include processing services, database and other support software, services to provide needed expertise on PeopleSoft and agency legacy systems for implementation, and staff training.

Upon implementation, the agency will meet legislative requirements for standardized payroll and personnel systems as well as comply with accounting standard set out in Statements 34 and 35 from the Governmental Accounting Standards Board. Analysis has shown that it would be prohibitively expensive to modify existing systems to bring them into compliance.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 2,706,421	\$ 5,847,526	0	\$ 1,789,819	\$ 3,824,399	0

Justification:

The agency's investment in an Integrated Administrative System (IAS) at this time is a wise long-term decision to minimize the agency's overhead, and has a strong short-term cost justification. Over the next five years, DHS has estimated \$25.3 million in cost avoidance from implementing IAS. Based on five-year implementation and operating costs of \$12.7 million, the payback period is 31 months.

Other Considerations:

- 1) DHS must initiate compliance with the Government Accounting Standards Board (GASB) 34 by September 1, 2001. Failure to make this change could result in audit findings and could impact federal funding.
- 2) IAS will improve internal information, management controls, and enhance productivity.
- 3) The system is in concert with the agency and HHSC strategic direction and moves toward a more open architecture that allows increased options for outsourcing.

The IAS project is a key strategy in the Strategic Automation Plan for FY 1998 - FY 2007. Replacing the existing administrative systems with commercial off-the-shelf software will move these systems off the DHS mainframe, align administrative systems with directions set by DIR, HHSC, and statewide systems, and simplify and streamline the business functions and automation infrastructure that support the DHS mission.

Improve Contract Management and Monitoring

Description of Item:

DHS proposes to improve contract management through a comprehensive system that would provide integrated information and support for contract managers in the areas of contract monitoring, risk assessment, and performance measurement. The contract management information system will use information from existing systems (such as CMS, CARES, purchasing and financial systems), and will fill in identified information gaps. The system will extract data from multiple systems to provide supporting information for contract management, monitoring and reporting purposes. This project would include analysis of deficiencies in current processes and systems as well as implementation of proposed solutions.

DHS has more than 9,000 contracts worth \$2.9 billion per year. Additional staff resources are needed to improve compliance and performance monitoring and enforcement. The need for increased staffing is especially critical in the community care area. There are nearly 2,700 contracts in this area, valued at more than \$962 million per year, which serve 128,000 clients a month.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 2,656,506	\$ 5,655,918	66.0	\$ 1,635,705	\$ 3,386,358	66.0

Justification:

- DHS will have staff resources to better manage contracts, monitor compliance and performance and thus improve contracted services and quality of care for consumers
- Information that contract managers need to effectively manage and monitor contracts will be available
- Consistent application of contract administration rules, policies, and procedures across the agency
- Ongoing timely feedback on the effectiveness and efficiency of contract operations
- Improved timeliness, accuracy, and availability of contract information

**Automation Infrastructure Improvements
Strategic Automation Plan Strategies 6A2 and 6A3**

Description of Item:

This initiative will enable DHS to continue to provide superior automation services to meet agency business needs efficiently and establish an ongoing process to ensure the viability of the automation environment through:

- Migrating from a mainframe processing environment to a more flexible, industry standard, open systems architecture to improve agency flexibility, allowing the agency to make changes more rapidly, and increasing outsourcing options;
- Improving the telecommunications infrastructure (expanding data network bandwidth, improving remote dial up access for off-site workers, integrating voice and data circuits, and upgrading or replacing telephone systems on a ten-year cycle) to facilitate access to agency services and data by stakeholders, staff, and clients;
- Negotiating better pricing and financing alternatives by implementing a PC replacement plan for non-TIERS PCs. This plan would cover ¼ of all non-TIERS PCs per year; reducing support and maintenance costs through standardization;
- Establishing a framework for systems testing, including agency requirements, external interfaces, performance, and stress testing in an independent environment; and
- Implementing a data warehouse environment to provide easier access to agency data.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 5,635,585	\$ 12,660,760	0	\$ 5,767,669	\$ 12,781,645	0

Justification:

The current agency applications use older technology, which impedes the progress towards more open systems, improved security, and more efficient resource management. With the rapid evolution of IT, DHS is losing the opportunity for improving its IT solutions and for adding much needed functions through commercially available software.

The minimal bandwidth of the current network is not sufficient to support either new federally funded applications or the anticipated growth in day-to-day traffic. DHS must support several new federally mandated applications, such as ASPEN, both for itself and other HHS agencies. These applications require greater bandwidth and higher speed solutions for adequate performance.

A testing framework will allow DHS to prevent and minimize defects in applications, ensure that applications perform according to design specifications, and identify the operational and performance limits of applications. Disaster recovery/business continuity planning allows the agency to continue to provide mission-critical services during natural or other disasters.

This initiative may result in cost avoidance, such as allowing the department to negotiate better pricing on equipment (whether through purchases or leases), reduce response times to make staff more productive, and avoid support and maintenance costs through standardization.

The automation infrastructure improvement is one of the goals in the Strategic Automation Plan for FY 1998 - FY 2007. The goal is simplify and streamline the business functions and automation infrastructure that support the TDHS mission. Objectives include: provide the infrastructure for administrative support functions that enables the agency to accomplish all goals; implement an agency planning program to ensure business resumption capability for all information systems; and implement an architecture that allows for the integration of new technologies.

Making Salaries Competitive to Attract and Retain Qualified Staff

Description of Item:

The national and state economies are healthy and unemployment is very low. The competition among employers for applicants is intense. At this time the agency is not as competitive as it needs to be, and is losing skilled and experienced staff to the private sector. The high cost of living in many areas of the state, such as Austin, Dallas, and Houston, make it even more difficult to compete for qualified applicants and to retain skilled staff. Providing salary bonuses will make DHS salaries more competitive with what the private firms can offer.

The state continues to experience unusually high turnover rates, especially in the areas with higher costs of living. For example, turnover of DHS direct delivery workers is 38 percent in Austin and Houston and 32 percent in the Dallas-Fort Worth metropolitan area. The training time for a new worker to become fully productive is approximately one year. Unemployment rates in Austin, Dallas, Ft. Worth San Antonio and Houston is between 2.1% and 4.6%. Applicant pools for critical direct delivery jobs have been extremely inadequate, forcing the agency to leave jobs vacant, or hire applicants who are marginally qualified. As turnover continues to increase, the level of service we are able to provide to clients diminishes.

Estimated Cost:

FY 2002			FY 2003		
State	Total	Staff	State	Total	Staff
\$ 7,959,600	\$ 18,000,000	0	\$ 7,959,600	\$ 18,000,000	0

Justification:

Salary bonuses for critical direct service delivery staff will help attract qualified applicants and retain skilled staff. The number of qualified applicants has steadily decreased as average competitors' salaries have increased. It has become increasingly difficult, in some areas almost impossible, to create adequate applicant pools from which to select staff.

Experienced, qualified, and motivated service delivery staff are a necessary component of effective programs. DHS must offer competitive salaries to enable the agency to recruit workers, reduce turnover, and retain skilled staff to carry out critical agency programs such as Texas Works and TIERS.

Reduced turnover will result in lower advertising, recruiting, and employment processing costs and lower training costs. Productivity and morale will be increased.